



4

BY THE HOUSE OF DELEGATES,
January 17th, 1842.

R E P O R T

OF THE

SPECIAL COMMITTEE ON THE CURRENCY,

TOGETHER WITH THE

ANSWERS OF THE BANKS,

IN OBEDIENCE TO THE ORDER OF THE

HOUSE OF DELEGATES OF MARYLAND,

Of the 4th January, 1842.

ANNAPOLIS:

WM. JOHNSTON, PRINTER.

.....
1842.

R E P O R T .

The Special Committee on the Currency report, that in obedience to the order of the House of Delegates of the 4th instant, they addressed a letter to each of the Banking institutions of this State, enclosing a copy of said order, and that they have received answers from the said institutions, which are herewith presented.

B. C. PRESSTMAN, *Chairman.*

ANSWERS OF THE BANKS.

UNION BANK OF MARYLAND,
January 10th, 1842.

B. C. PRESSTMAN, Esq.

Chairman of the Committee on Currency:

Sir,—In reply to your communication of the 5th instant, enclosing a copy of an order of the House of Delegates of Maryland, directing your committee to enquire of each of the Banks of this State “if they are ready for resumption of specie payments, and if not, to assign their reasons therefor by the 15th instant.”

I am desired by the board of directors of the Union Bank of Maryland to say, that this Bank has conducted its business for the last year strictly with a view to an early resumption of specie payments, and that they consider the Bank to be now, without reference to other interests, in a condition to resume. At the same time, they cannot but express an opinion that it would be inexpedient to do so, without the co-operation of the Virginia and Pennsylvania Banks, or at least those of Virginia. They do not see that the interests of any part of the State of Maryland would be promoted by a resumption on the part of her Banks, during the suspension of the Banks of these neighboring States; but on the contrary, they fear that the community would suffer much distress. It seems evident to them, that our currency, instead of being improved, would be injured by such a resumption; as our Banks could not furnish a sufficient amount for the ordinary operations of the community, and the vacuum would be filled therefore with a currency more depreciated than that which at present exists, with an increased difficulty of obtaining even that, owing to the necessary restrictive measures which the Banks would be compelled to adopt; whilst the rate of exchanges between our State and those where the Banks continued suspended, would increase so much against the latter, that all commercial intercourse would be highly embarrassed, and our merchants being unable to collect their debts without ruinous loss, if at all, the evil consequences could not fail to be felt throughout all the interests of our State.

That a resumption would be highly advantageous to our Banks, whenever those of other States can unite with them, has been strongly felt in the reduced profits of banking during the suspen-

sion of the last few years, and it is to be hoped, that whenever the Banks of the country generally return to a condition of specie payments, the trade of the country may be so conducted as to enable them make it permanent.

I am most respectfully,

Your obed't serv't,

SOLOMON ETTING, Pres't pro tem.

FARMERS AND MERCHANTS' BANK,

Baltimore, January 12th, 1842.

HONORABLE B. C. PRESSTMAN,

Chairman of the Committee on the Currency.

SIR:—I have had the honor to receive your letter of the 5th inst., in which is embraced the following order adopted by the House of Delegates of the State of Maryland.

“Ordered, That the committee on the Currency address a letter to the President of each of the Banks of this State, inquiring if they are ready for a resumption of specie payments, and if not, to assign their reasons therefor by the 15th inst.”

Your honorable committee has no doubt seen the statement of the condition of this Bank, and of all the banks in this city, recently transmitted to the Treasurer of the Western Shore.

If it is intended to be asked, is this bank prepared to pay instantly all its liabilities, circulation and deposit, dollar for dollar, in specie? Your committee will perceive by reference to our statement, that the question must be answered in the negative.

If this is not the purport of the question, the subject for consideration is a financial one—namely, how much of our liabilities would be brought to bear upon us immediately?—upon which your honorable committee, familiar with all the facts, is more capable than myself to express a correct opinion.

I do not believe that this bank, or any other bank in this city, can ever pay specie *bona fide*, for all its liabilities, and in all its transactions, and *afford the slightest facilities to commercial operations*, whilst our creditors the Eastern cities are paying specie, and our debtor, the South is in a state of suspension.

In order to sustain specie payments under these circumstances, we should be compelled to diminish our already small amount of loans.

Yet should the Legislature, by passing the bill reported to the House of Delegates, and published in our city papers, render it necessary for us to maintain specie payments, it would be *my duty*, so to advise the management of this bank as to effect that object—however much as a citizen, I might regret the distress entailed upon the community.

In case of resumption, our banks, destitute of all sources from whence they might replenish their vaults, would be drained of their specie, which would be collected, disappear from circulation, and be carried to the Eastern cities: our currency would be

deteriorated by an influx of bank paper from neighboring States: and a ruined trade, and a depressed condition of all the various interests of our city and State would be the only result.

There is nevertheless by general consent a season of the year more appropriate than the present to resume, and this is believed to be about the 1st of August.

All of which is respectfully submitted,

J. HANSON THOMAS, President.

MARINE BANK OF BALTIMORE,

January 11th, 1842.

Hon'ble B. C. Presstman, Chairman, &c.

Sir,—Your communication dated the 5th inst. has been submitted to the board of directors, and in reply I am directed to say, that this Bank is ready for the resumption of specie payments; and respectfully to add as the opinion of the board, that a resumption by the Banks of Maryland at this time, instead of affording relief, would increase the embarrassments of the community.

I have the honor to be, very respectfully,

Your ob't serv't,

J. BIER, President.

BANK OF BALTIMORE,

January 11th, 1842.

B. C. PRESSTMAN, ESQ.

Chairman of the Committee on the Currency.

Sir,—In reply to your letter of the 5th instant, inquiring whether the Bank of Baltimore is in a situation to resume specie payments immediately? I am instructed by the Board of Directors to inform you, that so far as the Bank is concerned, we are able upon a very brief requirement to meet all our responsibilities by such payments.

At the same time the board have considered that your honorable committee will not regard it presumptuous in them if they take this opportunity to suggest, that the immediate resumption of specie payments by the Banks of this city, cannot but be attended with the most serious consequences to all classes of our community, for all are more or less implicated in obtaining facilities from the Banks for the management of their business. It must be evident to the least reflection, that should the Banks in Maryland resume specie payments, whilst those of Virginia and Pennsylvania, now largely indebted to us, remain suspended, that a very large part of our city banks' circulation will be presented for payment in coin, to be afterwards sold for the premium and exported from the country. The unavoidable policy of the Baltimore Banks, therefore, under a prospect of an immediate resumption, must be at once to cease making any loans or discounts whatever, and the

distress that will ensue to our whole community, it would be superfluous to enlarge upon.

If your honorable committee will allow the suggestion, which which is very respectfully offered, it is considered by the board, that if a day not earlier than the first of August next could be determined on by the Legislature for a return to specie payments, that little inconvenience would follow in comparison to what would be the result from an immediate requirement to that effect. By that time the community could be prepared for a resumption by making such previous disposition of their affairs as prudence stimulated by necessity shall deem it most expedient to make. By that time also, it may be anticipated that more or less of the tax assessed by the State of Maryland will be under such disposition as to enable the State to repay the Banks the loans made by them during the past year, and which, considering the amount, will be of material importance in sustaining as well as in resuming specie payments.

I am, sir, very respectfully,

Your obedient servant,

J. H. McCULLOH, Pres't.

COMMERCIAL AND FARMERS' BANK,

Baltimore, Jan. 11th, 1842.

B. C. PRESSTMAN, Esq., Chairman,

Annapolis,

Dear Sir,—Your communication of the 5th inst. is received, with an order from the House of Delegates, to know whether this Bank is ready to resume specie payment, and if not, to assign the reason therefor by the 15th inst.

I have the honor to inform you that I submitted the same to the board of directors, who instructed me to say that this institution is ready to resume specie payment whenever the Legislature may require it, and at no time since the suspension of 1837 was this Bank in any other condition.

I would however most respectfully suggest, that the period of resumption of specie payment in this State, should be fixed in conformity with the action of Pennsylvania and Virginia or either of them, and if that be deemed impracticable, that it should not be fixed for an earlier day than the first of August next.

Notwithstanding this Bank is fully prepared to meet any action the Legislature may take with regard to resumption, it is however a matter of serious doubt whether the community generally are prepared, as it will unavoidably cause a great pressure, particularly if Pennsylvania and Virginia continue under a suspension. This however, the Legislature of course are to be the judges of, as the responsibility will rest with them.

I have the honor to be,

Yours, very respectfully,

JACOB ALBERT, Pres't.

MECHANICS' BANK OF BALTIMORE,
January 8th, 1842.

Hon'ble B. C. PRESSTMAN,

Chairman of the Currency Committee:

Sir,—I have received yours of the 5th, covering an order of the House of Delegates, instructing the committee on the currency to address a letter to the President of each Bank in this State, to inquire if they are ready for the resumption of specie payments, and if not, to assign their reasons therefor by the 15th inst.

It was not until this morning that your communication was laid before the directors of this Bank, and I hasten to report their action on the subject—which was, an instruction to reply to the enquiry embraced in the order of the Honorable the House of Delegates—and respectfully state: That this Bank is ready for the resumption of specie payments at the earliest day that the Legislature may in its judgment think proper to designate.

With sentiments of high respect,

I have the honor to remain,

Your obe't serv't,

JOHN B. MORRIS, Pres't.

FRANKLIN BANK,
Baltimore, January 7th, 1842.

Sir,—I have to acknowledge the receipt this day of your letter of the 3d instant, inclosing the order of the committee on the currency relative to the resumption of specie payments by the Banks.

It is now one year since this institution, weakened by the extensive frauds committed on it, had its credit overthrown by the hostile course adopted by another institution, and was constrained to go into the liquidation of its debts. From that period it has ceased to perform banking functions any further than was necessary to progress with the settlement of its accounts. To that object its entire attention has been devoted, and the result thus far has been the payment of about two thirds of the liabilities of the Bank existing twelve months since. It is the design of the directors to continue this course until every farthing of just debt shall have been paid, principal and interest. Among the securities which the Bank has regarded as the safest in its possession, is stock of the State of Maryland, in amount sufficient to pay far the larger portion of its now outstanding liabilities. The uncertainty when this will become available renders it impossible categorically to designate the period when the Bank will be prepared for specie payments. It is not however intended to resume general banking business until the settlement of all its obligations will enable it to do so on the most solid and permanent basis.

With great respect,

I have the honor to be,

Your obedient servant,

JAS. HOWVRD, Pres't.

Hon. B. C. PRESSTMAN, Chairman.

MERCHANTS' BANK,
Baltimore, January 14, 1842.

B. C. Presstman, Esq. Chairman, &c.

In reply to yours of the 5th instant, enquiring whether this Bank is ready for specie payments, I have to state, that its operations have been so conducted as to be prepared for resumption at the shortest notice, and this desirable object could be forthwith accomplished, without detriment to the community, if we could have the co-operation of the banks of Virginia and Pennsylvania. If however the banks of Maryland shall be required to resume without regard to the action of the banks of neighboring States, it seems to me proper, that notice should be given to that class of the community who would be most affected by the measure.

I have the honor to be, very respectfully,

Your obedient servant,

J. SWAN, President.

CHESAPEAKE BANK,
Baltimore, January 14, 1842

Hon'ble B. C. PRESSTMAN,

Chairman Com. on Currency.

Sir,—In reply to your letter of the 5th instant, desiring to know whether this Bank is prepared for an immediate resumption of specie payments, I reply that it is, provided that the State of Maryland can return the amount we have loaned her. If the State cannot return it, we should desire a reasonable time to call in our loans. Such a curtailment of our discounts will be necessary to place us in a condition to continue specie payments, as will seriously affect the interest of our customers, amongst whom are some of the largest manufacturers of machinery in our city, one of them alone paying out upwards of \$600 a week, and several others paying out from \$300 to \$500. It is not necessary for me to pour-tray the distress which would be occasioned by this or any other Bank, having the description of customers spoken of, refusing to discount.

If the Legislature fixes a day not earlier than the first of August, the Banks that have extended (principally by advancing the State,) might without serious injury to their customers, curtail sufficiently to maintain specie payments. Should an earlier day be fixed than the one mentioned, many of our most enterprising merchants and useful mechanics will have to suspend their business, or pay away their hard earnings to usurers, as the Banks will not be able to afford them any relief.

If the Banks of Maryland resume without a concurrent action on the part of the Virginia and Pennsylvania Banks, the resumption will continue a very short period, unless the Maryland Banks keep their discount lines below their capital, the effect of which would be to flood our State with the paper of Virginia and Penn-

sylvania. The same condition of things will then exist here that now exists in the District of Columbia.

If this Bank, like one or two Banks of the city, had been unmindful of the credit and honor of the State, it might have answered, ready at a moment's notice; but our effort to sustain the State's credit has made it its interest to desire a little time for preparation.

With much respect, I remain

Your obedient servant,

JOHN S. GITTINGS, President.

FARMERS AND PLANTERS' BANK,

Baltimore, January 10, 1842.

B. C. PRESSTMAN, Esq.

Chairman of the Committee on Currency:

Sir,—Your letter of the 5th inst., communicating the order of the House of Delegates, "that the committee on currency address a letter to the President of each of the Banks of the State, enquiring if they are ready for the resumption of specie payment, and if not, to assign their reasons therefor by the 15th inst.," has been duly received and submitted to the board of directors for their consideration, and I am instructed to inform you, that this Bank is ready to comply with whatever may be the expressed will of the Legislature, and will resume specie payment on any day that shall be named for that purpose.

Having answered the interrogatory of the House of Delegates in the affirmative, it might be expected we should there stop; but if the Banks of Maryland are to resume specie payment, while those of Pennsylvania and Virginia are in a state of suspension, we beg leave respectfully to suggest, whether it would not be expedient, that the Legislature should fix on a day, some months in advance, say first of August, thereby giving to the merchants and the people generally, some opportunity of arranging their business, with reference to such a state of things.

I remain, very respectfully,

Your obedient servant,

JAMES CHESTON, Prest.

CITIZENS' BANK OF BALTIMORE,

12th January, 1842.

B. C. PRESSTMAN, Esq., Chairman:

Sir,—Your letter of the 5th instant, directed to the President of this Bank, enclosing an order passed by the House of Delegates of Maryland, requiring the Banks of this State to say, "if they are ready for the resumption of specie payments, and if not, to assign their reasons therefor by the 15th instant," has been received, and submitted to the Board of Directors, who have instructed

me to answer, that supposing your inquiry to concern merely the condition of the Bank itself, in reference to its ability to meet its own engagements, we say, it is ready for a resumption of specie payments.

Supposing however, that the inquiry may not be intended to be limited merely to the ability of the Banks to meet their own liabilities, without regard to other considerations, we beg leave most respectfully to state, that looking to the present condition of things as they exist around us, we believe an immediate resumption of specie payments by the Banks of this State, will be highly injurious to the best interests of the community; we believe it will be destructive to the mercantile and manufacturing class of our citizens, and indeed to every other interest of the State.

The intimate relations of trade and exchange of the citizens of this State with those of her sister States of Pennsylvania, Delaware and Virginia, would seem to render a resumption of specie payments, without the concurrent action of those States, a measure of peculiar hazard. The debts due to our merchants and traders are principally due from citizens of those States, and could not be collected in funds which would answer in payment of their liabilities to the Banks here, after a resumption of specie payments, unless at a great and ruinous loss. With the concurrent action of those States upon this subject, we believe a resumption of specie payments may be effected that would be useful and permanent.

If however the Legislature shall determine to coerce a resumption of specie payments, without regard to the condition of things, as they exist in the adjoining States, would it not be prudent to fix the period of resumption sufficiently distant to give persons engaged in trade, an opportunity to prepare for the crisis; say until they shall have time to receive the benefit of the growing crop.

I am, very respectfully,

Your obedient servant,

FRAS. J. DALLAM, Pres't.

WESTERN BANK,

Baltimore, January 12, 1842.

B. C. Presstman, Esq. Chairman, Annapolis.

Dear Sir,—I have the honor to acknowledge the receipt of yours of the 5th instant, enclosing an order from the House of Delegates, inquiring "whether the banks of this State are ready for resumption of specie payments, and if not, to assign their reasons therefor by the 15th inst."

On behalf of this institution I am directed to say, that it will be ready to resume specie payments whenever the Legislature shall deem it most conducive to the public welfare.

You will permit me however to offer, most respectfully, a few remarks, which may not be considered impertinent, and to suggest that the period of resumption should be fixed in conformity with

the action of Pennsylvania and Virginia, or either of them; or if that be impracticable, that it should not be fixed for an earlier day than the first of August next.

If Maryland should be forced to resume without the co-operation of Pennsylvania and Virginia, the consequence will be, that her currency will be greatly increased in value over that of these States, and the result in my opinion of this condition of affairs will necessarily be, that the large amount due from Virginia to the merchants of this State will not be paid—because the debtors will not submit to the excessive discount which would necessarily be charged upon Virginia bank paper.

But not only would this be the case. The merchants of Virginia who have uniformly dealt with Baltimore, would feel themselves compelled to resort to Philadelphia and Richmond for their supplies of goods, and thus would the action of our own Legislature be made to contribute to the advantage of these two cities.

However well prepared the Banks may be for a resumption, my opinion is, that the community is not; and as the most stringent system of curtailment must be resorted to by the Banks to sustain the payment of coin under these circumstances, it is not necessary for me to say, that the most disastrous condition of affairs will ensue.

The increase in value of the circulation, and the consequent scarcity of money, will unavoidably cause the prices of every description of produce to decline.

But if it be found impracticable to conform the legislation of this State upon this subject, to that of Pennsylvania and Virginia, permit me to state why a period should be fixed not earlier than the first of August next.

It would give time for the crops of wheat of this State to come into market, which would aid the debtors to the Banks in paying up their liabilities.

It would allow time for the receipt of a large amount due from the southern and western States, as the crops of tobacco and cotton would by that time be sold.

It would save the necessity of so rigid a curtailment as an immediate resumption would require.

The public mind being directed to this event as certain, all the relations of business would be conducted with reference to it, so that the business of the ensuing spring would be exceedingly limited, and the amount of indebtedness both at home and abroad much curtailed.

In conclusion permit me to remark, that a forced resumption in Maryland, having no regard to the surrounding States, would, in my opinion, though humble it be, produce great distress among the community, and, as far as I can see, without any countervailing advantages—but this of course is a matter for the Legislature to decide.

I have the honor to remain, your obedient servant,
SAMUEL JONES, Jr. President.

FARMERS' BANK OF MARYLAND,
10th January, 1842.

B. C. PRESSMAN, Esq.

Chairman Committee on the Currency:

Sir,—The order of the House of Delegates upon the subject of a resumption of specie payments, was submitted to a special meeting of the board to-day, and I have been instructed to say, that although in the opinion of the directors a resumption on the part of the Banks of this State, without the co-operation of the Banks of Pennsylvania and Virginia, would be ill-timed, and calculated to impair the usefulness of Maryland's banking institutions. Nevertheless, as the State is largely interested in this Bank, the directors respectfully beg leave to signify their willingness to adopt such course as the Legislature may direct; suggesting however, that, in any event, an earlier resumption than the first of June next will be premature.

I am further instructed by the board to say, that the large disbursements made by this Bank in the course of the winter and spring, in defraying the expenses of the General Assembly, and in enabling the agricultural community to anticipate their crops, would render an earlier resumption than the day above indicated, peculiarly inconvenient.

Very respectfully,

G. WELLS, President.

*Easton Branch Bank of the Farmers' Bank of Maryland,
January 14th, 1842.*

To B. C. PRESSMAN, Esq.

Chairman of the committee on the Currency

of the House of Delegates of Maryland.

Sir:—Yours of the 6th inst. was received on yesterday afternoon, and a meeting of the Board of Directors has been held this day, to whom your communication has been submitted. We have respectfully considered the order contained in your letter, requiring, "that the committee on the Currency address a letter to the President of each of the banks of this State, enquiring if they were ready for the resumption of specie payment, and if not, to assign their reasons therefor by the 15th inst."

The answer to this enquiry necessarily involves the action of the Legislature of other States. If the Legislatures of Pennsylvania and Virginia, shall require of the banks of their respective States an early resumption of specie payment, we shall be prepared, simultaneously with the other banks of this State, to resume specie payment—at the same time, we do not hesitate to say, that irrespective of the action of the above mentioned States, we shall be quite as ready to resume as a majority of the banks of this State, whenever the Legislature may so direct. It cannot, it is presumed however, escape the notice of your committee, that under any circumstances a reasonable time allowed for resumption, would be

beneficial to every bank in the State, and by no means injurious to the public interest.

Should the Legislature determine on an early resumption, especially without regard to the course to be pursued by the States above referred to, we do not hesitate very respectfully to express our decisive opinion, that the operation will be highly oppressive to the people, and that although inconvenience may result to the banks, the people must necessarily become the greatest sufferers.

Very respectfully,

Your obedient servant,

W. HUGHLETT, President.

FARMERS AND MECHANICS' BANK OF FREDERICK COUNTY,
Frederick City, January 10th, 1842.

B. C. PRESTMAN, Esq.

Chairman, &c.

Sir:—I am directed by the Board of Directors of this Institution, in reply to the order of the House of Delegates, enclosed in your favour of the 5th inst., to say, that this institution could immediately resume specie payments; but, in order to sustain herself in that attitude, she would have to sacrifice every interest connected with her.—At present, the banks are engaged in relieving the embarrassments of their respective communities, as far as practicable, by discounts for short periods, and through their instrumentality, the milling interest of the State is enabled to purchase for cash, at a fair price, the whole of the grain grown in this State, and much of that in the border counties of the adjoining States, all of which finds its way, in a manufactured state, to our commercial emporium. The interior banks of the State confine their present negotiations almost exclusively to the accommodation of the milling and manufacturing interests, and through them, to the agriculturists and merchants. The banks furnish the miller in the first instance with the money for his draft on his flour merchant in Baltimore. The miller purchases the grain of the farmer. The farmer pays his merchant and mechanic, and thus the whole community experience the benefit of their operations. The State is also greatly benefitted by this operation of the banks. Her citizens are burthened with an onerous tax, and likely to be more so, and it is only through this operation of the banks, that they will be able to pay them; and if the taxes are not paid, how is our State Government to meet its engagements? If the banks are deprived of their limited means of usefulness, by being coerced into a premature resumption of specie payments, the effect will be disastrous to the best interests of the State. From our position, we are acquainted with the wants of the people, and declare that they cannot meet their engagements to each other, or to the State, without the aid of the banks. They have been charged with a desire to prolong the suspension of specie payments, with the view to an increase of their profits. The fallacy of this

charge can be detected at once, by comparing their present bill and note account with that of 1837, when they were paying coin on all their liabilities. It is very limited now, in comparison with that of the former period; so is also their circulation, and consequently their profits. They are experiencing the difficulties of the times, in common with the community at large, without having contributed in producing them, and they are endeavouring to meliorate the oppressions of the people to the extent of their ability, and are entitled to the fostering care of the Legislature. If we are compelled to resume, whilst the banks of the neighbouring States are in a state of suspension, we shall be obliged, for our own safety, not only to withdraw the facilities at present afforded to the business community, but to call in a large amount of our present loans, which will very much increase the distress already existing. But we shall have no alternative left to us. Entertaining these views, we would therefore respectfully ask of the Legislature, to legalize the present suspension for another year, and to permit the banks of the State to issue notes of a denomination less than \$5.00 to be redeemed at all times in specie, or to forfeit the privilege of the issue. If this suggestion should be approved by the Legislature and adopted by the banks, and each bank of the State would issue notes of this denomination to the amount of \$10,000, it would at once give us a circulation of \$200,000 and upwards, redeemable in coin, to the exclusion of the paper of corporations and individuals which now constitutes the principal small circulation of the State. This suggestion is made at the instance of this institution only, without consultation with the other banks of the State. We are not therefore prepared to say, that it would meet their approbation. If however the Legislature should approve of it, and pass a law to that effect, it is confidently hoped that the banks, or a majority of them would adopt it.

I have the honor to be, very respectfully,

Your obedient servant,

WILLIAM TYLER, President

Of the Farmers and Mechanics' Bank of Frederick county.

FREDERICK COUNTY BANK,

Frederick, January 11, 1842.

TO BENJ. C. PRESSTMAN, Esq.

Chairman Com. on Currency, House of Delegates.

Sir:—Your favor of the 5th instant, communicating the order of the House of Delegates has been received.

I am called upon as President of the Frederick County Bank to say whether said bank "is ready for the resumption of specie payments, and if not, to assign the reasons therefor by the 15th instant.

Your letter and the order of the house were laid before the Board of Directors of this bank at their regular meeting to-day, and I am by them instructed to say in reply—

That when the suspension of specie payments in Maryland took place on the 11th day of October 1839, this bank had in circulation of its own issues the sum of (\$114,063,) one hundred and fourteen thousand and sixty-three dollars, and the deposits at that time were (\$50,307 27,) fifty thousand three hundred and seven dollars and twenty-seven cents, and there was then in its vaults in specie the sum of (\$54,235 52,) fifty-four thousand two hundred and thirty-five dollars and fifty-two cents.

That since that period the bank has been regularly and steadily gathering in its resources and curtailing its discounts to be prepared for the crisis that seems now to be impending.

That on this day the whole amount of the issues of the bank in circulation is (\$33,567 50,) thirty-three thousand five hundred and sixty-seven dollars and fifty cents, much of which also, in the twenty-five years during which the bank has been in operation, has doubtless been destroyed and will never return, and the deposits at this time are (\$19,865 17,) nineteen thousand eight hundred and sixty-five dollars and seventeen cents, and there is now in the vaults of the bank in gold, silver and copper coins, the sum of (\$37,795 62,) thirty-seven thousand seven hundred and ninety-five dollars and sixty-two cents. That in all the other transactions of the bank, an equal degree of caution and curtailment has been observed, so that we may safely say that the Frederick County Bank is as well prepared for resuming specie payments as any bank in this State can be, *under existing circumstances*.

But if by the term "ready for resumption," the Committee on the Currency of the House of Delegates mean to enquire whether this bank is of opinion that a return to specie payments by force of legislative enactment can now be made with safety to the interests of the bank or the community in which it is located, we must give an unqualified negative.

The present is an eventful period in the financial history of Maryland. Weighed down by a heavy State debt, and calling upon her people by direct taxation to raise the means of paying the interest upon it, the times would seem to require of the State such a course of legislation as would increase, instead of further contracting the sources of pecuniary accommodation. Under the apprehension that in an evil hour some compulsory measure might be resorted to, to force a resumption of specie payments, this bank as well as the banks of this State generally as we are informed, has been, we repeat, reducing its discounts, gradually but progressively. Much dissatisfaction and complaint have been the consequence on the part of debtors, and no little real distress which has been aggravated in some measure by the partial failure of the last crops. There is now in this part of the State so little bankable money in circulation, that men of property and substance frequently find difficulty in procuring a sufficient sum for the purpose of paying discounts on their renewed paper. The county is filled with a depreciated currency, a great portion of which is from the neighboring State of Virginia, whose banks not probably an-

icipating any coercive measures on the part of their Legislature, have not only supplied their own State with a circulating medium, but our own. The reason why this state of things exists, is found, as we have remarked, in the apprehension of a forced resumption of specie payments in Maryland. If that event be actually brought about at this time, the evil must necessarily be greatly increased. It appears to us that the ground of public complaint now is *that there is not a sufficient amount of bankable notes in circulation*. Not that the people want specie. The object of legislation then should be to remedy this evil, and can that be done by forcing specie payments in Maryland? Will not the banks of this State, whilst those of Virginia and Pennsylvania continue suspended, be compelled to collect in their notes and liabilities and hold them fast as the only means of preventing an exhaustion of their specie? And whilst we would be driven to this course, the depreciated and worse currency of other States would fill up all the avenues of our trade and business.

We therefore assign as the reasons why we deem a resumption of specie payments at present impolitic and inexpedient—

1st. Because there is not now in circulation in Maryland enough of bankable money to supply the proper demands of the State.

2d. Because our banks would be compelled further to curtail their discounts if they be forced to redeem their notes in specie.

3rd. Because a resumption of specie payments would prove oppressive to the people and increase the embarrassments of the State.

4th. Because specie payments would be of no benefit to the people of this State, whilst the adjoining States are suspended, as the specie, on being drawn from the banks, would be taken abroad where it would be more valuable than paper.

5th. Because the effect of a resumption by Maryland would be, to transfer our specie to the vaults of the banks in the suspended States, and their depreciated notes in the pockets of our people. The *fear* of resumption here, has already produced the latter effect in some degree.

Finally, it is our opinion that the true policy of Maryland at the present juncture of affairs is, to establish a strict censorship over the operations of the banks in this State, so that they may not be guilty of excessive issues, but to yield to the necessities of the times and relieve them even from the apprehension of being forced to resume, to encourage and invite an increase of accommodations to the people, rather than by an act of legislation still further to limit them.

We have thus, in a spirit of frankness, fully answered both branches of the enquiry contained in the order of the House of Delegates, and conclude by submitting the matter to the better judgment of the General Assembly, prepared on our part to meet the crisis, whatever shape it may assume.

By order of the board,

JOHN T. THOMSON, *President*.

BANK OF WESTMINSTER,
January 8th, 1842.

TO B. C. PRESSTMAN, Esq.

Chairman of the Committee on the Currency:

Dear Sir,—To your communication in compliance with the order of the Legislature, that you address a letter to the President of each of the Banks of this State, enquiring if they are ready for the resumption of specie payments, and if not, to assign their reasons therefor by the 15th instant, we have the honor to reply as follows:

We believe that this institution can meet its liabilities as well as almost any Bank in the State of Maryland, but that if the Legislature would authorise the Banks to issue one and two dollar notes for some short time before resumption, and then make that resumption somewhat gradual, they would presume the most prudent course. One mode of making the resumption gradual, would be to require the Banks to meet their circulation in specie, but allowing them to pay deposits in current funds of their own or other Banks, at the option of the Bank. It might be provided that when Virginia and Pennsylvania resume, the Banks of Maryland shall also pay specie for their deposits.

Very respectfully,

Your ob't serv't,

ISAAC SHRIVER.

HAGERSTOWN BANK,
Hagerstown, Jan. 11, 1842.

B. C. Presstman, Esq., Chairman, &c.

Sir,—The copy of the resolution of the House of Delegates passed on the 5th instant, directing an enquiry of each of the Banks of the State, "whether they are ready for a resumption of specie payments, and if not, to assign their reasons therefor by the 15th instant," has been duly received and laid before the Board of Directors of this Bank.

I have been charged by the board to communicate their answer to the enquiries contained in this resolution.

To the first branch of the enquiry in the broad terms in which it is couched, we are constrained to reply that this bank is not ready for a resumption of specie payments. But if the resumption by this bank depend upon a simultaneous resumption of the banks of Pennsylvania and Virginia, and all other solvent banks of this State, we answer: We are ready to resume at any moment that such concerted action can be adopted.

We believe that no bank in this or any other State is in a more sound and solvent condition, and few better prepared for resumption. The stock is unimpaired—it is now selling above its par value—its notes and bills discounted, are generally based on real security—it has a large surplus and contingent fund. The assets of no institution are better secured. It has gained the highest

confidence of this community. And yet with all these advantages, it is the deliberate opinion of this board, that in the present condition of the country, this bank could not operate for one month under a resumption of specie payments, provided that resumption be confined to Maryland alone.

In reply to the second branch of your enquiry, we will proceed to state the reasons why we are not prepared to resume. Some of these reasons arise out of a local situation, others exist in common with all banks of our State. In this county our banking operations are principally connected with, and dependent upon our agricultural operations, and the punctuality with which our debtors meet their engagements depends very essentially on the success or failure of our crops. The large mass of our debtors are farmers and millers. For the last two years there have been heavy failures in the crops of this county, and hence our debtors have not been able to meet their engagements with their usual punctuality. The consequence has been that a larger portion of our debts has been suspended than in former years, when the staples of our county were more abundant, and the currency in a more sound and healthy condition.

Under these circumstances, the board have felt it their duty to extend every indulgence to the debtors of the bank, consistent with the safety of its debts. Could we obtain specie from our debtors, we should at all times be prepared to pay our liabilities in coin. But we ask no specie in payment of our debts—we are willing to receive payment in current funds, and we respectfully suggest whether in the present exigencies of the country, the same indulgence should not be extended to the banks.

Now suppose, sir, the bill which has been reported by your committee, requiring immediate resumption, should be passed into a law, and the banks of the neighboring States of Pennsylvania and Virginia remain in a state of suspension, what would be the practical operation of such a law? You will recollect there is an overwhelming balance of a commercial debt standing in Europe against us—a debt of more than twenty millions, which must soon be met. That the debts of the different States of the Union, also owing in Europe, amount to more than two hundred millions of dollars, the interest of which, amounting to twelve millions at least, must be annually paid in specie or its equivalent. Our foreign exchanges are at a heavy premium—specie is at premium of four to four and a half per cent.; our commerce and manufactures are in a languishing condition; every branch of industry paralyzed, and our currency and domestic exchanges distracted and fearfully deranged.

Within the last fifteen months more than twelve millions of specie have been shipped to Europe from the port of New York alone; and this drain is still continued, and will inevitably continue, until the balance of trade is finally adjusted with our foreign creditors. With all these monetary difficulties surrounding and pressing upon us, the vaults of the Banks of Maryland opened,

standing isolated as she would, and the vaults of the banks of our neighboring States hermetically sealed—how long do you suppose it would require to drain our banks of every dollar of their coin, and if this coin be carried to Europe, as it surely would, will our citizens be in a better condition than they now are? We believe no bank in this State has an amount of coin equal to “all her notes and liabilities.” It is therefore as fixed and inevitable as the laws of trade, that a very few days or weeks at most, would elapse before our vaults would be emptied of every dollar of their coin, and that coin be as rapidly sent out of the country to pay our foreign debts.

And when the circulation of our banks shall be withdrawn, what medium will supply its place? That medium might be partially supplied by the notes of the banks of surrounding States, of the solvency of which we know nothing, and by the odious shinplasters, which now compose so large a portion of our currency. What advantage would the community gain by such a result?

Under a dispassionate view of this subject, we think any mind would arrive at the conclusion, that the community are more deeply interested in fostering and sustaining sound and solvent banks than the individuals who compose the stockholders.

But there is still a more fearful aspect in which this subject is presented to our consideration. If the bill proposed should become a law, the banks might immediately upon its passage unanimously resolve to close their doors and go into liquidation. We think such would be their course of action, but should it not be, we believe every bank in the State would in less than one month after this law went into operation, be subjected to its penalties.

In either case a course of liquidation would then commence. This must go on. The debtors of the banks would be indiscriminately sued, judgments obtained, and their property subjected to sales under executions, and where would the money be obtained to buy it. Perhaps specie would be demanded in payment of these judgments. The stockholders would have a *constitutional right* to demand specie, of which right no legislation could deprive them. What ruinous sacrifices would then be made of real and personal estate? What a ruinous sacrifice of all property and labour would follow—what a terrible depreciation of property would take place? And all the losses of the debtors of the banks would go into the pockets of the stockholders, who would have the right to purchase their debtors’ property under these judgments. And thus the blow aimed at the banks would miss its mark and recoil with tremendous fury upon the heads of a large mass of the people. Among the debtors of the banks, the State of Maryland is one of the largest. Within the last year, the State appealed to the banks to save her sinking honor. With her treasury empty, her credit abroad exhausted, her citizens at home unable to aid her, and in her last extremity, when all other resources had failed, the banks rallied around her, and rescued her from disgrace. This loan to the State of nearly half a million in amount, in the present

condition of our currency, has created an additional impediment to resumption. And if the banks go into liquidation, this debt also must be paid; the ways and means must be raised, and the people must raise them; they must raise them too when in all probability they will be burdened with treble the amount of taxation they now have to pay to the State, and under the most appalling depression of all their resources.

Now, sir, suppose the banks are driven to a state of liquidation by the law proposed, and that liquidation carried out? Can the patriot contemplate with calmness, the ruin and desolation which would follow in its train. What would be the condition of our State? What the condition of our people? What would fill the place of those prostrated institutions? Where is the panacea? These are grave and solemn considerations for the mind of the statesman.

We assure you that this institution is as desirous as any solvent bank of our State, for a resumption as speedily as it can be effected with safety to the banks, and to the interests of the people; nor would we offer one word in the way of objection to a law requiring a simultaneous resumption with the banks of the adjoining States. With their concurrence we are ready to resume at any moment, without it, the attempt would be idle, and fatal to the best interests of the banks and the people.

Before we close this communication, there is one suggestion which we respectfully offer. Give the banks for a limited period and to a limited amount, the power to issue notes of the denominations of one, two and three dollars, and require them to redeem in specie, the notes so issued of the denomination of one dollar; such a law would produce a sound currency in the State for the purposes of change, and force out of circulation the individual issues which are so odious in the community. This would effect a partial resumption and afford a temporary relief, until the banks and the country are in a condition to justify a full and permanent resumption.

Respectfully,

Your Obedient Servant,

ALEXANDER NEILL, *President.*

FARMERS AND MILLERS' BANK OF HAGERSTOWN,

January 12th, 1842.

B. C. PRESTMAN, Esq.

Dear Sir,—Yours of the 5th inst. enclosing an order adopted by the House of Delegates has come to hand, and in reply thereto would beg leave to say, that should the Legislature in their wisdom think proper to require the Banks of this State to resume specie payments at an early period, without there being a concurrent action had by the Banks of Pennsylvania and Virginia, would certainly put us to some little inconvenience; but we think and believe, that should the Banks of this State be required to resume, we shall in all probability be as able to meet the crisis as almost

any other Bank, from the circumstance of our having reduced the circulation of our issues very much.

With the above remarks we will further state, that we will most cheerfully submit to any action the Legislature in their wisdom may think proper and expedient to adopt.

Most respectfully, yours, &c.,

A. KERSHNER, President.

MINERAL BANK OF MARYLAND,
Cumberland, January 10th, 1842.

B. C. PRESSTMAN, Esq.,

Chairman of the committee on the Currency,
Annapolis, Md.

Sir:—I have the honor to acknowledge the receipt of yours of the 5th inst., enclosing an order of the House of Delegates instructing the committee on the Currency, to enquire of the banks of the State, whether they are ready for specie payments, and if not, to assign their reasons therefor by the 15th inst.

In reply I state, that this bank though abundantly able to resume specie payments with the other Banks of the State, is not *ready* to do so; and I proceed to assign my reasons therefor, and in doing so I will not go into a general view of the subject, but only present such reasons as are of themselves, sufficient to warrant us in saying that we are not ready for specie payments.

1st. Because resumption by the Maryland banks, unaided by the neighboring States, will only add to the distress of the people.

2nd. Because—instead of improving our currency, the effect will be to bring a much worse one upon us.

The only advantage which the people can derive from a return to specie payments, will be to obtain coin for their present demands upon the banks. The banks will pay their demands, and then the claims of the people end. The banks, during such a state of things, cannot emit another dollar for any purpose of usefulness, or accommodation; their functions are at an end, and they will have nothing to do but collect *their* dues. This collection they will press with all despatch in order to be able to reduce their expences; or in many cases, to divide the assets among their stockholders. The small advantage of gaining the difference between notes and coin will be vastly more than counterbalanced by the pressure which will ensue upon a forced collection of their dues by the banks, and by the want of even the inadequate accommodation which the community now obtain from the banks. But just in proportion as the circulation of the Maryland banks is redeemed, the currency of the State will become worse. The greater part, (I think at least three-fourths of our present currency) is of Virginia paper, and just as the notes of our banks are withdrawn will that paper increase. Does any one believe that the coin taken from our banks would be used as a currency? Would it not be used to buy Virginia and other unconvertible paper, for

all the transactions of business. It is idle to say, that the community would set their faces against it, or that they have any power to control it. But we have in the District of Columbia an example of what would be the case in Maryland. *There*, the banks pay specie. The government disburses a very large amount of specie or its equivalent. The laws are as rigorous as possible. Does coin circulate in the District? No! on the contrary, the currency is worse than ours. Every functionary of the government and every person having coin, buys depreciated paper, which alone is in use.

The cause of the derangement in the currency of the country is beyond the power of any *State*—even the empire State.

With great respect,

I am your obedient servant,

C. M. THRUSTON, President.

CUMBERLAND BANK OF ALLEGANY,
Cumberland, Md., Jan. 8th, 1842.

B. C. PRESSTMAN, Esq., Chairman, &c.

Sir, —Your letter of the 5th inst., addressed to the President of this Bank, transmitting an order of the House of Delegates, making it the duty of your committee to inquire if the Banks of this State “are ready for the resumption of specie payment, and if not, to assign their reasons therefor by the 15th instant, has been received.

I have been instructed in reply to say, that this Bank is ready for the resumption of specie payment.

Respectfully,

JOSEPH SHRIVER, Cashier.

WASHINGTON COUNTY BANK,
Williamsport, January 10, 1842.

For B. C. PRESSTMAN, Esq.

Dear Sir,—I have the honor to acknowledge your favor of the 5th instant. In reply, I am of the opinion, that this Bank could not resume and continue to pay its liabilities in specie for the following reasons—

Not anticipating such compulsory proceedings, this Bank loaned to the State the sum of \$10,000 in coin, to enable her to meet her responsibilities in October last. The interest upon this debt has not even been paid, according to the terms of the loan.

The loss of the last two crops, of both wheat and corn, has tended to turn the balance against the country in favor of the cities, and thus takes from us the principal, if not the only source relied upon to sustain us in the resumption.

The constant increase of the exchanges against Baltimore in favor of New York, indicates the diminished means of paying its debts.

I admit this state of things to be intolerable, and desire to see a return to specie payments. This may be accomplished so soon as the growing crop is rendered available, which cannot be before the 1st October. I therefore recommend that the day of resumption be postponed to that period, when I think resumption may be entered upon and successfully maintained. To deprive the Banks of all inducement to expand in the mean time, it would be desirable to prevent any banks from making a dividend of profits among its stockholders, so long as it remains in a state of suspension.

Respectfully, &c.

JNO. R. DALL, President,

